

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

BGM 3854 - GLOBAL MANAGEMENT

(Distance Education)

28 FEBRUARY 2020

9:00 a.m – 11:00 a.m

(2 Hours)

INSTRUCTIONS TO STUDENTS:

1. This question paper consists of **TWO** parts – Part A and Part B. The total number of pages for this examination paper is **10 pages** (including the cover page).
2. Please answer **ALL** questions.
 - **Part A** contains multiple choice questions (40 marks). Shade the most appropriate response on the multiple-choice answer sheet.
 - **Part B** contains short-answer questions (60 marks). Write your answers in the Answer Booklet provided.

PART A: MULTIPLE CHOICE (40 marks)

Read each question below and then indicate the most appropriate response on the multiple-choice answer sheet. (2 marks for each correct answer, for a total of 40 marks)

1. Encik Razak owns a small traditional cookies company. As a small company owner, which of the following benefits that he likely enjoy when engaging in international business?
 - A) the barriers to trade that restrict their products from crossing domestic boundaries
 - B) increased investment by foreign competitors in domestic markets
 - C) government policies that seek to regulate the flow of capital across national borders
 - D) technology that lowers the costs and difficulties of global communication

2. Globalization is characterized by _____.
 - A) the demise of democracy within a nation
 - B) national boundaries becoming less relevant
 - C) the protection of trade barriers
 - D) rigid foreign relations policies

3. In _____ cultures, economic systems tend to provide incentives and rewards for a person's private business initiatives.
 - A) individualist
 - B) high uncertainty avoidance
 - C) feminine
 - D) large power distance

4. Which of the following statements is true of a centrally planned economy?
 - A) Individual concerns are as important as the government's concerns.
 - B) Consumers determine the prices of products and labor.
 - C) Factories are privately owned.
 - D) The government sets the production goals.

Continued ...

5. _____ is an economic theory that compares different countries' currencies through a "basket of goods" approach.
- A) net foreign incomes
 - B) net domestic incomes
 - C) purchasing power
 - D) purchasing power parity
6. $\text{Consumption} + \text{Government Expenditures} + \text{Investments} + \text{Exports} + \text{Foreign Production by Malaysia Companies} - \text{Domestic Production by Foreign Companies}$.
- This formula is the calculation of:
- A) gross national product
 - B) gross domestic product
 - C) comparative advantage
 - D) absolute advantage
7. One of the major pillars upon which the practice of mercantilism rested was _____.
- A) economies of scale
 - B) pricing mechanism
 - C) excessive imports
 - D) trade surpluses
8. _____ refers to the unwanted cultural influence in a nation that can cause great distress and lead governments to block imports it believes to be harmful.
- A) Cultural imperialism
 - B) Cultural protectionism
 - C) Dumping
 - D) Capitalism

Continued ...

9. When a company exports a product at a price that is lower than the price normally charged in its domestic market or lower than the cost of production, it is said to be _____.
- A) dumping
 - B) ringfencing
 - C) hoarding
 - D) cost-shifting
10. The purchase of physical assets or a significant amount of ownership of a company in another country to gain a measure of management control is called _____.
- A) portfolio investment
 - B) foreign direct investment
 - C) horizontal integration
 - D) vertical integration
11. A home country encourages outflows of foreign direct investment because it _____.
- A) helps in replacing jobs at home
 - B) sends resources out of the home country
 - C) tends to increase the long-term competitiveness of firms
 - D) takes the place of all the exports and imports in the country
12. Economic integration whereby countries remove all barriers to trade among themselves, but each country determines its own barriers against nonmembers, is called a(n) _____.
- A) economic union
 - B) customs union
 - C) common market
 - D) free trade area

Continued ...

13. Which of the following statements is **TRUE** about trade diversion?
- A) The least amount of sovereignty that must be surrendered to the trading bloc occurs in a free trade area
 - B) It requires nations to give up a high degree of sovereignty in foreign policy
 - C) It increased trade with a less-efficient producer within the trading bloc and reduced trade with a more efficient nonmember producer
 - D) The increase in the level of trade between nations that results from regional economic integration
14. The main benefit of a multidomestic strategy is that it _____.
- A) exploits scale economies in product development and marketing
 - B) responds quickly and effectively to emerging buyer preferences
 - C) takes advantage of location economies
 - D) is cost-saving due to product and marketing standardization
15. Which of the following strategies works best for an organization that practices mass production and mass-marketing?
- A) differentiation strategy
 - B) focus strategy
 - C) low-cost leadership strategy
 - D) retrenchment strategy
16. In some countries, people exchange goods instead of paying money for them. This practice is known as _____.
- A) offset
 - B) counterpurchase
 - C) switch trading
 - D) barter

Continued ...

Question 17 and 18 are based from this short passage.

Herb Graham is vice president of Sports Stuff Inc., a business that develops, manufactures, and markets sports products. The company is looking to expand its operations into the European market. Herb believes that if the company expands its product line to include products reflecting sports that are popular in Europe, the company will achieve success there.

17. Herb knows that much of the success his company enjoys is due to the patents and copyrights that protect the company's products. If Sports Stuff chooses an entry mode in which it grants another firm the right to use its intangible property for a specified period of time, it would be engaging in _____.
- A) a turnkey project
 - B) franchising
 - C) licensing
 - D) a joint venture
18. Herb also has been exploring another type of entry mode that requires ongoing assistance on the part of his firm, often in the form of start-up capital, management training, or location advice. Herb is most likely considering _____.
- A) a strategic alliance
 - B) franchising
 - C) licensing
 - D) a joint venture
19. _____ is designed to pressure channel members to carry a product and promote it to final users.
- A) Differentiation strategy
 - B) Retrenchment strategy
 - C) Push strategy
 - D) Pull strategy
20. An important advantage of polycentric staffing is that it _____.
- A) re-creates local operations in the image of home-country operations
 - B) eliminates the high cost of relocating expatriate managers and their families
 - C) helps a company develop global managers who can adjust easily to any business environment
 - D) employs managers from home who will look out for the company's interests

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PART B: Short-Answer Questions (60 marks)

Part B has THREE (3) questions. Answer ALL questions.

Question 1 (20 marks)

Question 1a is based on the following article.

June 6, 2017 - The Finance Asia magazine published an article that may turn the Malaysian startup world upside down, telling why a startup like Grab made it big in Singapore instead of Kuala Lumpur. Grab, which started as My Teksi in Malaysia rebranded itself into Grab Taxi after moving to Singapore, leaving Malaysia behind certainly due to regulatory issues on raising funds from international venture capital.

The magazine quoted Chua Kee Lock, group president and CEO of Vertex who told the online publication how the company persuaded Grab to make the move and explained why he expects more hot start-ups from the region to make the same move. He said the advantages of Singapore is that startups get government subsidies and tax breaks, but more importantly for start-ups and early-stage investors like Vertex is the well-developed ecosystem for start-up funding that helps attract international financiers and bring higher valuations for public offerings.

Using the facilities and the reputation of Singapore as a well-developed ecosystem for start-up funding that helps attract international financiers and bring higher valuations for public offerings, made Grab what it is today. Chua said the above example were of greater support to startups than the usual government subsidies and tax breaks they get in Singapore.

Though Malaysian Venture Capitalists are more prone to close deals than their Singapore counterparts, Singapore has more billion dollar success stories to inspire the budding entrepreneurs than Malaysia. Asia Finance said while both Malaysia and Singapore has spent a lot of effort in encouraging innovation and entrepreneurship, Singapore has managed to create a stronger startup eco-system. But it warned that Malaysia should be written off since its biggest weapon remains cheaper labour than Singapore's that may turn the tide in the long run.

Source: <http://theindependent.sg/grab-leaving-malaysia-is-kuala-lumpurs-loss-to-singapore/>

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- 1a. One of the key elements in globalization is globalization of production which is the dispersal of production activities to locations that help a company achieve its cost-minimization or quality-maximization objectives for a good or service.

Based on the article, explains **FOUR (4)** ways how Grab achieves cost minimization and quality maximization by moving its operation to Singapore.

(12 marks)

- 1b. List down **FOUR (4)** disadvantages of globalization towards employment and wages that a multinational corporation may create.

(8 marks)

Continued...

Question 2 (20 marks)

Question 2a and 2b are based on the following passage.

KUALA LUMPUR: Prasarana Malaysia Bhd has signed a definitive agreement with British retailer WHSmith, where the latter will open stores at Prasarana's train stations in Klang Valley, said its group strategy and transformation chief operating officer Ang Yoke Kee.

"We will be making an announcement in the next few weeks," he told reporters after announcing Prasarana's partnership with tech-enabled express logistics company Ninja Van. WHSmith is a book and stationery retailer which has stores in a few airports in Malaysia. These include Kuala Lumpur International Airport (KLIA), klia2 and Senai International Airport. The opening of the WHSmith's store at train stations will mark the retailer's first venture outside of Malaysia's airports. Globally, it has over 600 stores on the high street and over 600 stores at airports, train stations, hospitals and motorway services.

Meanwhile, Prasarana's partnership with Ninja Van will see the placement of 86 parcel lockers at every RapidKL Light Rail Transit (LRT) stations from Gombak to Puchong, making it the largest parcel locker network in the Klang Valley. The lockers, known as "Ninja Box", will provide a convenient and safe alternative for millions of commuters to pick-up and drop-off their parcels.

The launch of the Ninja Box locker network complements Ninja Van's current network of over 550 pick-up and drop-off points, comprising partnering retail and convenience stores, across Malaysia. Ninja Van Malaysia country head Adzim Halim said the growth of e-commerce and social commerce in the country had increased the amount of parcels being delivered to doorsteps. However, he said for shoppers who are usually not at home to receive their parcels, alternative locations offer a great option for parcel pick-ups and drop-offs.

He said shoppers may choose to have their parcels delivered to an individually-assigned, password-protected Ninja Box located at an LRT station of their choice. "At Ninja Van, technology and operational excellence are the bedrocks for enabling hassle-free delivery experiences and we are excited to leverage our strengths in providing next-day deliveries with the launch of the Ninja Box parcel locker network. "Our strategic partnership with RapidKL sees us join forces together to offer millions of commuters to enjoy greater convenience in sending and receiving parcels," he said. The roll out of the Ninja Box, which has begun, will conclude in the second quarter of this year.

Meanwhile, Ang said Prasarana was ready to work with companies to establish strategic partnership for mutual benefits and boost the use of public transport services. "With an infrastructure of 115 stations and over 151 kilometer length run of rail lines, Prasarana is in a strong position to work with partner in providing mobility and connectivity for all," he said.

Source: <https://www.nst.com.my/business/2019/04/480164/prasarana-inks-deal-whsmith>

Continued ...

Now, answer the following questions:

- 2a. In the last paragraph, it is mentioned “Prasarana is in a strong position to work with partner in providing mobility and connectivity for all”. “Prasarana is in a strong position to work with partner in providing mobility and connectivity for all”.

List down **THREE (3)** Prasarana’s core competencies that are hardly available compared to its competitors that has prompted Prasana to announce its confidence to work with partners in providing mobility and connectivity for all.

(6 marks)

- 2b. Describe **THREE (3)** Ninja Van’s value chain activities that are available from the article.

(6 marks)

- 2c. “The opening of the WHSmith’s store at train stations will mark the retailer’s first venture outside of Malaysia’s airports”. Based on this statement, describe the mode of entry that WHSmith will most likely engage in Malaysia and state **THREE (3)** advantages that WHSmith gains from the mode of entry.

(8 marks)

Question 3 (20 marks)

Explain the following cultural dimensions and their importance in international business:

- a. Values
- b. Aesthetics
- c. Manners
- d. Religion

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